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2014 MAY 12 P 3: 50

AWZ CORP COMMISSION DOCKET CONTROL



BEFORE THE ARIZONA CORPORATION COMMISSION

IN THE MATTER OF THE APPLICATION OF PAYSON WATER CO., INC., AN ARIZONA CORPORATION, FOR A DETERMINATION OF THE FAIR VALUE OF ITS UTILITY PLANTS AND PROPERTY AND FOR INCREASES IN ITS WATER RATES AND CHARGES FOR UTILITY SERVICE BASED THEREON.

DOCKETED

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MAY 1 2 2014



DOCKET NO: W-03514A-13-0142

IN THE MATTER OF THE APPLICATION OF PAYSON WATER CO., INC., AN ARIZONA CORPORATION, FOR AUTHORITY TO: (1) ISSUE EVIDENCE OF INDEBTEDNESS IN AN AMOUNT NOT TO EXCEED \$1,238,000 IN CONNECTION WITH INFRASTRUCTURE IMPROVEMENTS TO THE UTILITY SYSTEM; AND (2) ENCUMBER REAL PROPERTY AND PLANT AS SECURITY FOR SUCH INDEBTEDNESS.

NOTICE OF FILING ADDITIONAL ANALYSIS IN RESPONSE TO DOCKETED LETTERS FROM COMMISSIONER

On May 1, 2014, Commissioner Pierce docketed a letter posing three questions for consideration in this docket. In a second letter, docketed May 7, 2014, Commissioner Pierce clarified that his letter was not intended to suspend or delay the proceeding in this case, but rather he was seeking additional information for consideration by the Commission at Open Meeting. The Company provides information in response to each of Commissioner's Pierce's questions below.

In providing this additional analysis, PWC has: (1) relied on the existing record and not sought to expand the evidence before the Commission in this case; (2) used the revenue requirement recommended by Staff and accepted by the Company, which is both the only recommended revenue requirement in evidence in this rate case, and, as the

Company has asserted, the minimum amount of revenue it needs to meet its cost of service, stay solvent, and begin to address its financial crises by paying its bills and seeking to attract capital to make more needed improvements; and (3) evaluated the options that were possible given the available data (bill counts, etc.) and its continued inability to pay its rate consultant and counsel.

To the extent that PWC was unable to provide exactly what Commissioner Pierce requested, the Company apologizes. However, the Company does believe it is offering alternative rate designs that would allow the Commission to ensure that PWC can recover its cost of service, including a return on fair value rate base, while also addressing the unique situation facing its Gisela system.

First Question:

What would be the rate impacts to the customers in <u>each of</u> the <u>systems</u> if we were to retain the current separate rate structure and forego consolidating rates at this time?

At present, the only current "separate rate structure" is for the Gisela system, and the only "consolidation" recommended by Staff and the Company is consolidating Gisela with the 7 other systems that are already consolidated.¹ PWC submits Exhibit 1, which reflects separate rates for the Gisela system. The impacts on the rates for the other systems can be seen at Exhibit 1, Schedule H-3, page 1, which reflects higher rates for customers in the other systems if the portion of the revenue requirement recovered from customers in Gisela is decreased. It is important to note that reducing rate impacts for customers in one system does not reduce the revenue requirement.

¹ PWC was formed by the merger of systems from the former Untied Utilities and C&S Water, at which time the Commission directed that the rates for Gisela be maintained separate from those for the other systems. See Decision No. 60972 (June 19, 1998) at 5, Findings of Fact No. 9.

Second Question:

What would be the rate impacts to the customers in <u>each of</u> the <u>systems</u> if we were to adopt the proposed rate consolidation, but change the break-over points in the commodity charge to include more gallons in the first tier?

Exhibit 2 reflects consolidated rates for all systems, as recommended by the Company and Staff, with the commodity rate first tier gallons for the $5/8 \times 3/4$ inch meters increased from 3,000 to 5,000 gallons.

Third Question:

What would be the rate impacts to the customers in <u>each of</u> <u>the systems</u> if we were to adopt the proposed rate consolidation, but increase the monthly usage charge, thereby decreasing the amounts to be collected through the commodity charge?

Exhibit 3 reflects consolidated rates for all systems with the monthly minimums increased.

In addition, as an alternative, PWC submits Exhibit 4 reflecting an approach to minimize the impact of needed increases on customers in the Gisela system. Under this analysis, rates are consolidated for all systems, however, the monthly minimums have been increased along with the first and second tier gallons for the 5/8 x 3/4 inch meters. The first tier gallons are increased from 3,000 gallons to 6,000 gallons, and the second tier gallons are increased from 10,000 gallons to 12,000 gallons. This approach reduces the rate increase to the Gisela system, the average dipping from approximately 140 percent to 102 percent, and the median from approximately 97 percent to 83 percent. Again, of course, this additional revenue will have to be collected from the customers in the other systems who would bear an additional, albeit small, increase in order to lessen the rate impacts in Gisela.

Finally, the Company also suggests that the Commission consider initiating a pilot program to allow the option for equalized payments for its Gisela system, and only its

Gisela system. The Company has called this a "pilot-program" because neither it, its experienced rate consultant nor undersigned counsel could find or are aware of a water utility regulated by the Commission with equalized rates. However, electric utilities have such programs modeled after A.A.C. R14-2-210(G), which programs, as the Company understands, allow customers to avoid seasonal spikes in their bills, and maintain a more regular budget for payment. PWC believes that something can be designed to allow the option for equalized payments for customers in Gisela.² PWC would project annual billings for that customer based on test year usage and the new rates approved by the Commission. The total annual billings would then be divided by 12 and the customer billed 1/12 each month. There would also be at least one annual true up to ensure that the customer did not overpay, or the Company did not under collect. In this way, the Commission can further seek to cushion the impact of necessary rate increase on customers in the Gisela system.

In closing, PWC appreciates the opportunity to provide this additional information for the Commission's consideration. However, it must also take this additional opportunity to remind the Commission that it ordered this rate case and has now missed the deadline for a decision imposed by its own rules for a Class C water utility. The Company respectfully suggests that it is not in any material way responsible for this delay, and further reiterates its testimony that it is teetering on the brink of insolvency and its ability to continue to provide safe and reliable water utility service is in jeopardy. As such, the Company beseeches the Commission to consider this additional information that has been requested, but to do so immediately and issue new rates that allow PWC to

RESPECTFULLY SUBMITTED this 12th day of May, 2014. 2 3 FENNEMORE CRAIG, P.C. 4 5 By Jay L. Shapiro 6 2394 E. Camelback Road Suite 600 7 Phoenix, Arizona 85016 Attorneys for Payson Water Co., Inc. 8 9 **ORIGINAL** and thirteen (13) copies of the foregoing were filed this 12th day of May, 2014, with: 10 **Docket Control** 11 Arizona Corporation Commission 1200 W. Washington Street 12 Phoenix, AZ 85007 13 COPY of the foregoing was hand-delivered this 12th day of May, 2014, to: 14 Chairman Bob Stump 15 Arizona Corporation Commission 1200 W. Washington Street 16 Phoenix, AZ 85007 17 **Commissioner Gary Pierce Arizona Corporation Commission** 18 1200 W. Washington Street Phoenix, AZ 85007 19 20 Commissioner Brenda Burns **Arizona Corporation Commission** 1200 W. Washington Street Phoenix, AZ 85007 21 22 **Commissioner Bob Burns** Arizona Corporation Commission 23 1200 W. Washington Street Phoenix, AZ 85007 24 25

recover its cost of service, including a return on fair value rate base.

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1	Commissioner Susan Bitter Smith
2	Arizona Corporation Commission 1200 W. Washington Street
3	Phoenix, AZ 85007
4	Dwight D. Nodes Assistant Chief Administrative Law Judge
5	Arizona Corporation Commission 1200 W. Washington Street Phoenix, AZ 85007
6	
7	Robin Mitchell, Esq. Legal Division
8	Arizona Corporation Commission 1200 W. Washington Street Phoenix, AZ 85007
9	COPY of the foregoing was mailed
10	this 12th day of May, 2014, to:
11	Kathleen M. Reidhead
12	14406 S. Cholla Canyon Dr. Phoenix, AZ 85044
13	Thomas Bremer 6717 E. Turquoise Ave.
14	Scottsdale, AZ 85253
15	Bill Sheppard 6250 N. Central Ave.
16	Phoenix, AZ 85012
17	J. Stephen Gehring
18	8157 W. Deadeye Rd. Payson, AZ 85541
19	Suzanne Nee
20	2051 E. Aspen Dr. Tempe, Arizona 85282
21	Glynn Ross
22	403 S. Ponderosa Payson, AZ 85541
23	L. O. Pourto
24	9148266.1/073283.0006

Fuyeon Water Company - Floros beguiny
Test Year Ended December 31, 2012
Comparison of Proposed Consolidated Rates (All Systems) to Separate Rates For Giests (See Schedule H-3 for Rates)

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SBx3/4 Inch US SBx3/4 Inch US SBx3/4 Inch US 14 Inch US I Inch US I Inch C&S (Tonto Creek Shores(Gisela))		•	=	Average	Present	Proposed	Sed	Dollar F	Percent	Proposed	Dollar	Percent
5.8x34 Inch U.S. (Greek Shores (Gisela)) 5.8x34 Inch C&S (Torlo Creek Shores (Gisela)) 3.4 Inch U.S. (Torlo Creek Shores(Gisela)) 1 Inch C&S (Torlo Creek Shores(Gisela))		Change 12/31/2012		Consumption (gals)	Rates	Rates	_	ncrease A	Amount	Rates	Increase	Amount
5/8x3/4 Inch C&S (Torko Creek Shores (Gisela)) 3/4 Inch US 1 Inch C&S (Tonto Creek Shores(Gisela))	20.83% 0.71% 3.73% 0.34%		1,066	2,856	\$ 21.51	\$	وي دي		60.02%	\$ 35.52	\$ 14.01	65.139
344 Inch US 1 Inch US 1 Inch C&S (Tonto Creek Shores(Gisela))	0.71% 3.73% 0.34%		159	6.961	\$ 27.30	\$	43		139.38%	\$ 59.18	\$ 31.88	116.759
1 Inch US I inch C&S (Tonto Creek Shores(Giseta))	3.73% 0.34%	0.05%	4	7.077	\$ 35.32	s	49	43.93	124.37%	\$ 80.97	\$ 45.65	129.249
1 Inch C&S (Tonto Creek Shores(Gisela))	0.34%	3.36%	21	3.870	\$ 28.75	S	49		211.87%	\$ 92.53	\$ 63.78	221.859
		-0.03%	8	4,459	\$ 49.10	ø	49		91.80%	\$ 86.28	\$ 37.18	75.73%
						_						
				Median								
			U	Consumption (gals)								
9 5/8x3/4 inch US			•		\$ 20.83	49	33.00 \$	12.18	58.46%	\$ 34.10	\$ 13.28	63.75%
10 5/8x3/4 Inch C&S (Tonto Creek Shores (Gisela))				4,500	\$ 23.66	s	46.50 \$	22.84	96.52%	\$ 41.80	\$ 18.14	76.65%
11 3/4 Inch US				6,500	\$ 33.60	s	74.82 \$		122.72%	\$ 76.55	\$ 42.95	127.85%
12 1 Inch US				2,500	\$ 26.11	49	79.16 \$		203.24%	\$ 82.03	\$ 55.92	214.23%
13 1 Inch C&S (Tonto Creek Shores(Gisela))				3,500	\$ 47.68	49	86.82 \$		82.10%	\$ 79.51	\$ 31.83	66.75%
7												
15 (1) Includes revenue annualizations but not misc revenues.												
 Revenue requirement for Giesla based upon a two factor alto. 	cation. Factors are num	ber of year-end custom	ers and an	nualized gallons sold	equally we	righted.						
17 Number of YE Cush	omers % of Total	Annualized Gallons (in 1.	,000°s	% of Total		Iwo-Factor	ğ		Revenue B	Revenue Requirement		
Sh	953 85.3943%		33,219	71.0729%		78.2	78.2336%	•		477,425		
19 C&S (Geiste)	163 14.6057%	•	13,520	28.9271%		21.7	21.7664%	•		132,831		
Total	1116 100.0000%		46,739	100.000%		100.6	100.0000%	∽		610,256		
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Fuyeon Water Company - Floros bequiry

Test Year Ended December 31, 2012

Comparison of Proposed Consolidated Rates (All Systems) to Separate Rates For Giesta (See Schedule H-3 for Rates)

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Line			Average	Present	Proposed		Percent	Proposed	Dolla	_	ercent
No.	Mater Str		Consumption (gals)	Rates	Rates	Increase	Amount	Rates	Rates Increase Amount	5e 4	mount
2 Door Creek	5/Rv3/4	<u>s</u>	4 323	\$ 24.69	\$ 45.1	ø.		\$ 46.2	•	55	87.31%
3 East Verde Park	5/8x3/4	Sn Sn	2.319	\$ 20.48	\$ 32.28	8 \$ 11.80	57.63%	\$ 33.38	•	12.90	63.00%
4 Flowing Springs	5/8×3/4	\$ ↑	3,193			4		\$ 37.5	4	5.42	69.56%
5 Geronimo Estates/Elusive Acres	5/8x3/4	sn	1,590			49		\$ 30.4	•	1.39	59.74%
	5/8x3/4	ns	2,998	\$ 21.79	\$ 34.9	49		\$ 36.0	\$	4.31	65.67%
	5/8x3/4	SN	386			49		\$ 28.0	s	0.14	56.64%
	5/8x3/4	C&S	6,961		_	49		\$ 59.1	49	1.88	116.75%
9 Whispering Pines	5/8x3/4	SN	2,788		\$ 34.1	₩,		\$ 35.2	49	3.87	64.88%
10											
=			Median								-
12			Consumption (gals)								
13 Deer Creek	5/8x3/4	SN	2,500	\$ 20.83	\$ 33.0	49		\$ 34.1	· ••	3.28	63.75%
14 East Vende Park	5/8x3/4	Sn	2,500	\$ 20.83	\$ 33.0	ø		S 34.±	\$3	3.28	63.75%
15 Flowing Springs	5/8x3/4	sn	1,500			w		\$ 30.±	· •>	121	59.30%
16 Geronimo Estates/Elusive Acres	5/8x3/4	Sn	200		\$ 25.0	ø		\$ 26.1	s,	9.14	53.85%
17 Mesa Del Cabalo	5/8x3/4	Sn	2,500	\$ 20.83		ø		\$ 34.1	49	3.28	63.75%
18 Weade Ranch	5/8x3/4	ns	200	\$ 16.97	\$ 25.00	8.04	47.36%	\$ 26.10	4	9.14	53.85%
19 Tonto Creek Shores (Gisela)	5/8x3/4	C&S	4,500	\$ 23.66	\$ 46.5	49		\$ 41.8	49	8.14	76.65%
20 Whispering Pines	5/8x3/4	ns	200	\$ 16.97	\$ 25.0	ø		\$ 26.1	⇔	9.14	53.85%
21											
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Payson Water Company - Pierce Inquiry Test Year Ended December 31, 2012 Present and Proposed Rates

Exhibit Schedule H-3 for Pierce 1 Page 1

Proposed	## District Systems (Gill Present Pres					
Property	United Systems Cas Systems (Give States) Y Service Charge for: Present Present					
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No. Present	Service Charge for: Rates	Proposed	Dollar	Proposed	Dollar	
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18.40 21.28 25.50 37.72 19.22 24.78 24.7	18.40 \$	\$ 24.10		21.00	4.00	į
A	Sin Minimum	37.72	•	32.87	7.37	
Secondary Seco	SE SE SE SE SE SE SE SE		41.59	54.78	12.28	
136.00 1.55.70 153.57 152.51	## Sizes ## All gallons to 18,000 gallons ## Ogallons to 3,000 gallons ## Ogallons to 18,000 gallons ## Ogallons to 18,000 gallons ## Ogallons to 38,000 gallons ## Ogallons to 60,000 gallons ## Ogallons to 60,0		93.74	109.57	24.57	
NT 126.00 4 25.00 62.00 70.00 60	80.00 \$ 128.00 \$ NT \$ NT NT S.In Minimum er Sizes Oditty Rates over 4,000 gallons over 4,000 gallons over 10,000 gallons Ogallons to 10,000 gallons over 10,000 gallons over 18,000 gallons over 18,000 gallons over 38,000 gallons Ogallons to 60,000 gallons		153.57	182.61	46.61	
128.00 \$ 425.00 1,257.39 500.70 500.70 500.70	NT \$ NT NIT SIDE SIDE SIDE SIDE SIDE SIDE SIDE SIDE		339.13	365.22	110.22	
1,095.65 1,095.65	NT \$ NT NIT BIOCK Odity Rates odity Rates odity Rates orer 4,000 gallons over 4,000 gallons over 4,000 gallons over 4,000 gallons over 10,000 gallons over 10,000 gallons over 10,000 gallons over 18,000 gallons over 18,000 gallons over 38,000 gallons over 38,000 gallons orer 36,000 gallons over 38,000 gallons		500.70	500.70	75.70	
Sin Minimum Propert Present Proposed	odity Rates odity Rates of ser Sizes of gallons to 4,000 gallons over 4,000 gallons over 10,000 gallons over 10,000 gallons over 10,000 gallons over 18,000 gallons over 18,000 gallons over 38,000 gallons over 38,000 gallons over 38,000 gallons over 38,000 gallons			1,095.65	245.65	
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0 gallons to 60,000 gallons over 60,000 gallons s				7.66		
0 gallons to 60,000 gallons				9.62		
\$ 9.62 \$	Super BO OOD applications			2.66		
	over octoo garrons			3.62		

Payson Water Company - Pierce Inquiry Test Year Ended December 31, 2012 Present and Proposed Rates

	United S	Pres	S. S.																												
				00 gallons	suo	00 gallons	suc	00 gallons	25	00 gallons	ons																				
				0 gallons to 120,000 gallons	over 120,000 gallons	0 gallons to 200,000 gallons	over 200,000 gallons	0 gallons to 450,000 gallons	OVEL 450,000 gallons	0 gailons to 679,000 gallons	over 679,000 gallons																				
		/ Rates	(Residential, Commercial, Incl. Block																												
Line No.	- 2	3 Commodity Rates		6 3 Inch	~ «	9 4 inch	10	12 6 Inch	2 \$	15 8 Inch		17	8	19	ଥ	21	22	23	24	25	3.20	78	29	8	31	32	33	35	န္တ	<u>چ</u>	37

Exhibit Schedule H-3 for Pierce 1 Page 2

C&S Systems (Gisela) Proposed <u>Rate</u>	7.06	7.06	7.06	7.06
8	\$	\$	\$ \$	s s
United Systems Proposed <u>Rate</u>	7.66	7.66	7.66	7.66
(Per 1,000 gallons) United Systems C&S Systems (Gisela) Present Present Rate Rate				
United Systems Present Rate				

Pierce 2

Payson Waser Company - Please Inquiry
Test Year Ended December 31, 2012
Comperison of Proposed Consolidated Rates (All Systems) with More Gallons in First Tier for5/8x3/4 Inch Meter (see Schedule H-3 for rates)

			Average	•									I
		ō	Number of								Pierce 2		
		Proposed	Customers			あ	Staff Sb. Consolidated	olidated	==	8	Consolidate	13	
Line		Water	ă	Average	Present	Proposed	ed Dollar	Percent	=	Proposed	Dollar	Percent	ent
쉳	2. Streend System	Revenues (1)	12/31/2012	Consumption (gals)	Rates	Rates				Rates	Increase		TUT
•••	1 5/8x3/4 Inch US	74.46%	1,066	2,856	\$ 21.51	*	42 \$ 12.91		*	36.14	\$ 35.5		866
.4	5/8x3/4 Inch C&S (Tonto Creek Shores (Gisela))	22.99%	159	196.9	\$ 27.30	49	49		\$	63.16	\$ 61.7		32%
(*7	3/4 Inch US	%990	4	7,0,7	\$ 35.32	*	79.25 \$ 43.93		8	77.18	\$ 75.9		50%
4	1 Inch US	0.38%	2	3,870	\$ 28.75	*	*		8	93.87	\$ 91.7		49%
47	1 Inch C&S (Tonto Creek Shores(Gisela))	0.37%	2	4,459	\$ 49.10	\$ 94.17	*	7 91.80%	\$	99.01	\$ 98.10		101.66%
. .				:									
~ 0				Median									
~ (Consumption (gals)			•						
מ	5/8x3/4 Inch US			2,500		<u>د</u>	v		% %	34.50	33.9		67%
-	10 5/8x3/4 Inch C&S (Tonto Creek Shores (Gisela))			4,500		\$ 46	*		\$ %	43.70	\$ 42.7		84.70%
-	3/4 Inch US			9'200		\$ 74	*		\$	72.13	\$ 70.9		%69
 -	12 1 Inch US			2,500 \$		\$ 79	79.16 \$ 53.06	6 203.24%	**	81.88	\$ 79.84		213.64%
	13 1 Inch C&S (Tonto Creek Shores(Gisela))			3,500		\$ 80	•		*	90.63	\$ 89.8		90.07%
, -				•					 				1
==	15 (1) Includes revenue annualizations but not misc revenues.	ennes.											
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Pageon White Company - Flerce Inquiry
Test Year Ended December 31, 2012
Companison of Proposed Consolidated Rates (All Systems) with More Gallons in First Tier for5/8x3/4 inch Meter (see Schedule H-3 for rates)

Pierce 2

Exhibit Page 2

Line No. 100 2 Deer Creek 3 East Verde Park 4 Flowing Springs					=)			•	Sonsolidated	_
Deer Creek East Verde Park Frowing Springs			Average	Present	_	Proposed	Dollar	Percent	72	Dollar	Percent
			Consultation (Pars)	NAIS	_	Nale:	IIICI &GS&	Amonu	Kates	Increase	Amoun
	5/8x3/4	sn	4.323	\$ 24.6	9	45.14	\$ 20.45	82.85%	42.88	•	
	5/8x3/4	Sn	2.319	20.4		32.28	\$ 11.80	57 63%	33.67		
	5/8/3/4	45	3 193	201	2	35.68	C 11 2	64 60%	27.60) 	1
5 Geronimo Estates/Elusive Acres	5/8x3/4	Sn	1 500		-	200	10.20	53 07%	3.55	• •	
	5/8x3/4	ş S	2 998	27.7	. 0	8 2	13.21	60.62%	26.20	• •	
7 Meade Ranch	5/8x3/4	:S	985	17.9	9	26.52	2	50.02	27.53	٠.	
	5/8x3/4	C&S	6.961	\$ 27.3	9	65.35	38.05	139.38%	63.16	•	
9 Whispering Pines	5/8x3/4	Sn	2,788	\$ 21.38	9	34.15	\$ 12.77	59.73%	35.83	35.23	67.56%
			Median								
12			Consumption (dals)								
13 Deer Creek	5/8x3/4	sn	2.500	s	8	33.00	\$ 12.18	58.46%	\$ 34.50	33.93	
14 East Verde Park	5/8x3/4	ns	2.500	•	8	33.00	\$ 12.18	58.46%	34.50	33.9	
15 Flowing Springs	5/8x3/4	Sn	1,500	•	9	29.00	\$ 10.11	53.48%	\$ 29.90	\$ 29.3	
16 Geronimo Estates/Elusive Acres	5/8x3/4	Sn	200	•	2 2	25.00	\$ 8.04	47.36%	\$ 25.30	\$ 24.8	
17 Mesa Dei Cabalo	5/8x3/4	ns	2.500	•	3	33.00	\$ 12.18	58.46%	34.50	33.95	
18 Meade Ranch	5/8x3/4	sn	2005	•	2	25.00	\$ 8.04	47.36%	25.30	\$ 24.8	
 Tonto Creek Shores (Gisela) 	5/8x3/4	C&S	4.500	•	9	46.50	\$ 22.84	96.52%	\$ 43.70	407	
20 Whispering Pines	5/8x3/4	Sn	200	\$ 16.97	\$ 6	25.00	8.08	47.36%	\$ 25.30	\$ 24.83	49.13%
			J]						
23											

Payson Water Company - Plerce Inquiry Test Year Ended December 31, 2012 Present and Proposed Rates

Exnibit Schedule Page 1	끞	
	Schedule	Page 1

																						Halfod Systems	Proposed	Date	Nate				4.60	8.75	10.00	8.75	10.00		8.75	8	8.75	10.0L
- 200	;	Dollar	ncrease	200	•	20.20	30.12	88.00	144.00	320.00	472.00										(Joseph Month of Contract)			Piesein	Nate			1.48	8	\$	⇔	45	• •		(5)	?	⇔ (*
Ľ	United Systems	Proposed	Rates	33.03	36.00	8.00	00.00	120.00	200.00	400.00	900.00	1,200.00	2,000.00						•			C. Carefornia P. Labour	Officed Systems C	Pieseik	<u>rate</u>	\$ 2.99		*										
	Glesla)	Present	Rates	4	00: 00:				136.00		\$ 425.00		F																									
rieselli aliu Pioposeu Kales	United Systems	Present	Rates	6	20.50						128.00		FN						1						BIOCK	o garions to 4,000 gallons over 4,000 gallons	•	All gallons	0 callons to 5,000 gallons	5,001 gallons to 10,000 gallons	over 10,000 gallons	O college to 19 000 college	over 18,000 gallons		0 gallons to 38,000 gallons	over 38,000 gailons	0 gailons to 60,000 gailons	over 60,000 gallons
			Monthly Service Charge for:	Meter Size :	3/6 inch	3/4 mcn	1 inch	1 1/2 Inch	2 Inch	3 Inch	4 Inch	6 Inch	8 Inch						O Minimim	Carcillo III WIII IIIIII					Commodity Rates	All Meter Sizes		All Meter Sizes	5/8 Inch and 3/4 Inch			1 1 1			1 1/2 Inch		2 Inch	
ij	<u>8</u> -	7	ო,	4 ı	n	0 1	_	œ	တ	9	Ξ	12	5	4 4	. t	2 5	<u> </u>	<u> </u>	2 5	3 2	5 5	3 :	8 3	7.7	22	57	28	9 29	3 8	32	8	8 g	8 8	37	8	원 4	4	4 4

Payson Water Company - Pierce Inquiry Test Year Ended December 31, 2012 Present and Proposed Rates	Commodity Rates Residential, Commercial, Indt Block	0 gallons to 120,000 gallons over 120,000 gallons	0 gallons to 200,000 gallons over 200,000 gallons	0 gailons to 450,000 gallons over 450,000 gallons	O gallons to 679,000 gallons over 679,000 gallons
	Commodity Rates (Residential, Com	3 Inch	4 Inch	6 Inch	8 Inch
Line No.	0 W 4 4	9 ~ 0	o o 2 ;	5 4 4 5	4 + 1 + 1 + 1 + 1 + 1 + 1 + 1 + 1 + 1 +

Schedule H-3

United Systems Proposed <u>Rate</u>	8.75 10.00	8.75 10.00	8.75 10.00	8.75
	↔ ↔	↔ ↔	₩ ₩	\$ \$
(Per 1,000 gallons) C&S Systems (Gisela) Present Rate				
United Systems Present <u>Rate</u>				

Payaoa Waar Company - Prave Inquiry
Test Year Ended December 31, 2012
Comparison of Consolidated Rates (All Systems) with Higher Monthly Minimums (see Schedule H-3 for rates)

		6	¥ W	\$	5	12	8	6			6	8	2	217	8								
	3		8	34:47	1.92	2.03	90.52	5.89			32.97	44.92	5.96	8	9.19								
	Pierce 3	Dollar	Increase		9	<u>_</u>	o :	ص م			۳ س	4		∞ •••	8								
	1 8	3	ł	Ħ	32	73	8	8			R,	45.89	₩.	8	티								
		Proposed	Rates	34.77	8	8	92.64	8			g	45	7	엃	ᇷ								
		۵	:	*	*	*	*	•			<u>~</u>	**	•	•	<u>~</u>								
		Percent	Amount	80.02%	9.38%	4.37%	211.87%	7.80% 7.80%			8.46%	96.52%	2.72%	3.24%	200								
	Postopijas na do do se do		. 4	۳	₽	7	2	co.															
	1		Increase	12.91	38.05	43.93	60.91	45.07			12.18	22.84	<u>=</u> 2	53.06	39.14								
•	۽ ا	3 <u>2</u> 3	<u> </u>	-	*	, ,,	•	•			•	*	*	↔	4								
	إ		8	8 8	65.35	79.25	89.66	¥.			33.00	46.50	74.82	79.16	88								
	`	Dronneed	Rates	\ •		•	•				···	` *	•	•	[ّ								
	一		=	÷	8	88	<u>=</u>	<u>≕</u> ₽		==	8	98	8	=	8								
		Drecont	Rates	21.5	27.	8	28.75	49			R	23.66	ĸ	8	4								
		_		*	*	*	*	*		ଜା	*	*	*	*	魡								
		•	ı (dağı	2,856	96.9	7,07	3,870	4,458	_	iee) (2,500	4,500	6,50	2,50	3,50								
		Average	notion						Median	nption													
		4	Consumption (gals)						2	Consumption (gals)													
			δ							Οl													
90	Number of		2012	ğ	159	4	7	8															
Aven	den'		12/31/2012																				
	- `		•	•																			
Proposed Consolidated Percent		Des :	€ %	.	8	ж	0.38%	×e															
	ŏ	Proposed		74.46	22.98	0.66	0.38	0.37								ves.							
. 8	•	_	å	1												reven							
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				•	(C)							×			8	15							
					Sreek S			Shore				ě			હ	218							
		1			onto Creek S			reek Shore				onto Cree			reek Sh	zilenuue i							
		1	Pro and Section	2	&S (Tonto Creek S	•		onto Creek Shore:			S	&S (Tonto Cree			onto Creek Sh	venue annualiz							
		1	See and Spains	ich [15	rch C&S (Tonto Creek S	જ	"	4S (Tonto Creek Shore			SD FD	nch C&S (Tonto Cree	S	"	\$S (Tonto Creek Sh	les revenue annualiz							
		1	See and Section	34 heb US	(3/4 Inch C&S (Tonto Creek S	Inch US	chus	rch C&S (Tonto Creek Shore			x3/4 Inch US	x3/4 Inch C&S (Tonto Cree	Inch US	ich US	rch C&S (Tonto Creek Sh	Includes revenue annualiz							
			Cine State States	5/8x3/4 Inch [2 5/8x3/4 Inch C&S (Tonto Creek S	3/4 inch US	4 1 Inch US		9 ^	. 00	9 5/8x3/4 Inch US	10 5/8x3/4 Inch C&S (Tonto Creek Shores (Gisela))	1 3/4 Inch US	12 1 Inch US	13 1 Inch C&S (Tonto Creek Shores(Gisela))	14 15 (1) Includes revenue annualizations but not misc revenues.	16 17	18	19	•	- ^	.	25 25

Amount 61.62% 131.92% 121.61% 2222.21% 97.16%

61.10% 93.94% 120.82% 217.67% 88.78%

Pierce 3

80.80% 60.83% 65.27% 59.62% 61.81% 58.47% 131.92%

Percent Amount

61.10% 61.10% 59.46% 57.44% 61.10% 57.44% 57.44%

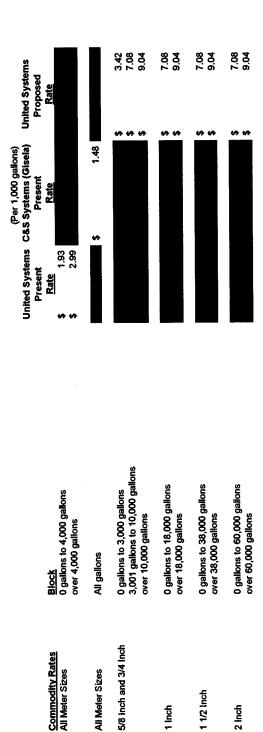
Pageon With Company - Flavo Inquiry
Test Year Ended December 31, 2012
Comparison of Consolidated Rates (All Systems) with Higher Monthly Minimums (see Schedule H-3 for rates)

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						40	10000	3		E (Pierce 3	,
:			•	•		8	onsoilda		í	5	Consolidate	_
Line	;		Average	Present	<u> </u>	•	Dollar	Percent	Proposed		Dollar	ĭ
			Consumption (gals)	Rates	腳	Rates		Amount	Rates	unt	ncrease	
2 Deer Creek	5/8x3/4	s	4,323	\$ 24.69	*	*	20.45	82.85%	*	£ 53.	43.1	0
3 East Verde Park	5/8x3/4	SD	2,319	\$ 20.48	•	32.28 \$	11.80	57.63%	₩ ••	32.93 \$	32,35	ις.
4 Flowing Springs	5/8x3/4	\$	3,193	\$ 22.16	-	49	14.32	64.60%	9	\$ 59.5	35.	9
5 Geronimo Estates/Elusive Acres	5/8x3/4	SN	1,590	\$ 19.07	%	*	10.29	53.97%	e *	.44 \$	8	•
6 Mesa Del Cabalo	5/8x3/4	ns	2,998	\$ 21.79	-	*	13.21	60.62%	₩	5.25	홄	ið.
7 Meade Ranch	5/8x3/4	SN	386	\$ 17.90		•	9.0g	50.49%	\$	3.37	27.1	9
8 Tonto Creek Shores (Gisela)	5/8x3/4	C&S	6,961	\$ 27.30	=	*	38.05	139.38%	\$	3.32	61.5	₩ 24
9 Whispering Pines	5/8x3/4	S	2,788	\$ 21.38	49	*	12.77	59.73%	₩ ₩	1.54 \$	33.0	4
=			Median									
12			Consumption (gals)									
13 Deer Creek	5/8x3/4	SN	2,500	\$ 20.83	*	33.00 \$	12.18	58.46%	ee •••	3.55	32.	<u>-</u>
14 East Verde Park	5/8x3/4	ns	2,500	\$ 20.83	<u>~</u>	33.00 \$	12.18	58.46%	რ ••	3.55	35	-
15 Flowing Springs	5/8x3/4	SN	1,500	\$ 18.90	*	29.00 \$	10.11	53.48%	e •>	3.13	ž	9
16 Geronimo Estates/Elusive Acres	5/8x3/4	ns	200	\$ 16.97	<u> </u>	25.00 \$	8.04	47.36%	\$	5.71	29	Z.
17 Mesa Del Cabalo	5/8x3/4	ns	2,500	\$ 20.83	*	33.00 \$	12.18	58.46%	**	33.55	32.97	_
18 Meade Ranch	5/8x3/4	SN	200	\$ 16.97	•	25.00 \$	8.04	47.36%	\$	5.71	79	*
19 Tonto Creek Shores (Gisela)	5/8x3/4	C&S	4,500	\$ 23.66	•	46.50 \$	22.84	96.52%	*	5.89	4	2
20 Whispering Pines	5/8x3/4	SN	200	\$ 16.97	•	25.00 \$	8.0 <u>4</u>	47.36%	\$	5.71	8	*
21												
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23												
24 25												
6												

Payson Water Company - Pierce Inquiry Test Year Ended December 31, 2012 Present and Proposed Rates

Exhibit Schedule H-3 for Pierce 3 Page 1

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e :										
<u></u>		ă	United Systems		C&S Systems (Gisela) United Systems	Gisela)	United	Systems	:	
7			Present		Present		P	Proposed	Dollar	
ო	Monthly Service Charge for:		Rates		Rates		02]	Rates	Increase	
4 1	Meter Size :	•	9			17.00		25.00	906	_
n (5/9 Inch	•	8.5	9 6		25.75	•	30.13	•	
וסו	3/4 Inch		10.40	9 6		3 5		66.33	73.67	
_	1 inch		87.12	<u>ب</u>		5.75 S. 25 S. 25		25.62	15.54	
œ	1 1/2 Inch		32.00	•		8 6		130.43	4.00	
o	2 Inch		56.00	69 (136.00		217.38	101.39	
유	3 Inch		80.00			255.00		434.78	87.78	~ 1
=	4 Inch		128.00			425.00		652.17	524.17	
12	6 Inch		¥	₩	ļ	820.00		1,304.35		
13	8 Inch		¥		Ę			2,173.91		
4 ;										
5										
9 !										
17										
∞ :										
9	;									
2	Gallons In Minimum		•					•		
7									(Day 4 000 gollone)	
55							1101	Guidemo	(Per 1,000 gardins)) ii Iinffed Svet
ខ្ល								ed Systems Present	Cas systems (Sisting Present	
4 (4	1					-	Sate	Pate	Rate
£ 5	Commodity Rates	Disallone to 4 000 dations	sac				-i •3	1.93	Nate	Nave
27	All Ivielle Sizes	over 4,000 gallons	2				• •	2.99		
82		•								
20 20	All Meter Sizes	All gallons							1.48	
3 5	400 Last des 10/4 last	O anthon to 2 000 anthone	900							€?
5 K	3/6 inch and 3/4 inch	3,001 gallons to 10,000 gallons	O gallons							• •
R		over 10,000 gallons	•							\$
8										,
Ж :	1 inch	0 gallons to 18,000 gallons	allons							₩ ₩
9, 79		over 18,000 gallons								,
5 8	1 1/2 Inch	0 gallons to 38,000 gallons	allons							\$
စ္က ၄		over 38,000 gallons								∽
}	200	O delices to 60 000 gailons	Successions							\$
4	7	over 60,000 gallons	2							· 69
₽										



Inquiry 2012

Payson Water Company - Plerce In Test Year Ended December 31, 20 Present and Proposed Rates			(Nesdefinal, Commercial, and proch	3 Inch 0 gallons to 120,000 gallons	over 120,000 gallons	4 Inch 0 gallons to 200,000 gallons	over 200,000 gallons	6 inch 0 gailons to 450,000 gailons			8 Inch	over 679,000 gallons																			
	왕 - ~	4 10 4	t ro	9	~ a	0	2	12	<u>6</u>	4	ŧ	16	7	2 9	2 8	3 5	2 5	R	24	22	26	78	53	8	6	3 8	3 8	8	ဗ္က	က်	

Exhibit Schedule H-3 for Pierce 3 Page 2

United Systems Present Rate	(Per 1,000 gallons) United Systems C&S Systems (Gisela) Present Present Rate Rate	United Systems Proposed <u>Rate</u>
		\$ 7.08 \$ 9.04
		\$ 7.08 \$ 9.04
		\$ 7.08 \$ 9.04
		\$ 7.08 \$

Pierce 4

Pageon Water Coapany - Preve Inquiry
Test Year Ended December 31, 2012
Comparison of Consolidated Rates (All Systems) with Higher Monthly Minimums and More Gallons in First and Second Bock for 5/8x3/4 Inch Meter (See Rates on Schedule H-3)

Proposed

		Consolidated											
		Percent	Average	•									
,		of	Number of										Г
		Proposed	Customers			Staf	Sb. Prop	Staff Sb. Proposed Consolidated	iolidated	Piero	Pierce 4 Consolidated	tated	
Line	Meter	Water	¥	Average	Present	<u>ē</u>	Proposed	Dollar	Percent	Proposed	Dollar	Percent	Ĕ
일	Size and System	Revenues (1)	12/31/2012	Consumption (gals)	Rates	<u>م</u>		asi	Amount	Rates			Ħ
1 5/8x3/4 Inch US	ch US	74,46%	1,066	2,856		**	Ñ		60.02%	\$ 38.03	\$ 16.52	76.79%	8
2 5/8x3/4 Inc	ch C&S (Tonto Creek Shores (Gisela))	22.99%	159	196'9	\$ 27.30	*	65.35	38.05	139.38%	\$ 54.89			%9
3 3/4 Inch U;	3/4 Inch US	%990	4	7,077			79.25	43.93	124.37%	\$ 71.95	-		800
4 1 Inch US		0.38%	21	3,870	\$ 28.75	ç,	\$ 99.68	60.91	211.87%	\$ 101.76	\$ 73.01		82
	1 Inch C&S (Tonto Creek Shores(Gisela))	0.37%	2	4,459		•	94.17	45.07	91.80%	\$ 105.83	\$ 56.73		%
9 /				Median									
•				Consumption (gals)					-				
9 5/8x3/4 Inch US	ch US			2,500		*	33.00 \$	12.18	58.46%	\$ 36.88	\$ 16.05	77.07%	2%
10 5/8x3/4 Inc	10 5/8x3/4 Inch C&S (Tonto Creek Shores (Gisela))			4,500		*	46.50 \$	22.84	96.52%	\$ 43.38	•		3%
11 3/4 Inch U.				6,500	\$ 33.60	*	74.82 \$	41.23	122.72%	\$ 67.96	\$ 34.36	•	88
12 1 Inch US				2,500		٠,	79.16 \$	53.06	203.24%	\$ 92.29	•		%
13 1 Inch C&S	13 1 Inch C&S (Tonto Creek Shores(Gisela))			3,500	\$ 47.68	\$	86.82 \$	39.14	82.10%	\$ 99.20	\$ 51.52	108.05%	5%
14													
15 (1) Include	 Includes revenue annualizations but not misc revenues. 	venues.											
5 5													
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2 2													
2 5													
3 8													
. 2 2													
3 8													
3 7													
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Payson Wister Company - Please Inquiry
Test Year Ended December 31, 2012
Comperison of Consolidated Rates (All Systems) with Higher Monthly Minimums and More Gallons in First and Second Bock for 5/8x3/4 Inch Meter (See Rates on Schedule H-3)

	-				S	Sp. Pro	posed Co	Staff Sb. Proposed Consolidated	Pierc	Pierce 4 Consolidated	dated	
Line			Average	Present	2	Proposed	Dollar	Percent	Proposed	Dollar	Percent	ent
No.	Meter See		Consumption (gals)	Rates	<u>دا</u>	Rates	Increase	Amount	Rates	Increa	Amount	텕
2 Deer Creek	5/8x3/4	SN	4,323	\$ 24.6	*	45.14	\$ 20.45	82.85%	\$ 42.80	*		38%
3 East Verde Park	5/8×3/4	S	2,319	\$ 20.4	**	32.28	\$ 11.80	57.63%	\$ 36.29	*		22%
4 Flowing Springs	5/8x3/4	23	3,193	\$ 22.16	**	36.48	\$ 14.32	64.60%	\$ 39.13	\$ 16.96		76.55%
5 Geronimo Estates/Elusive Acres	5/8x3/4	Sn	1,590	19.0	*	29.36	\$ 10.29	53.97%	\$ 33.92	**		87%
6 Mesa Del Cabalo	5/8x3/4	SA	2,998	\$ 21.7	*	34.99	\$ 13.21	60.62%	\$ 38.49	*		%69. %69.
7 Meade Ranch	5/8x3/4	SN	382	\$ 17.9	<u>**</u>	26.94	9.05	20.49%	\$ 31.95	•		49%
	5/8x3/4	C&S	19619	\$ 27.3	<u>*</u>	65.35	\$ 38.05	139.38%	\$ 54.89	\$	•	%90.
9 Whispering Pines	5/8x3/4	sn	2,788	\$ 21.3	*	34.15	\$ 12.77	29.73%	\$ 37.81	*		85%
10			;									
=			Median		_							
12			Consumption (gals)		_							_
13 Deer Creek	5/8x3/4	SN	2,500	\$ 20.8	\$	33.00	\$ 12.18	58.46%	\$ 36.88	s,		.07%
14 East Verde Park	5/8x3/4	SN	2,500	\$ 20.8	*	33.00	\$ 12.18	58.46%	\$ 36.88	•		.07%
15 Flowing Springs	5/8x3/4	Sn	1,500	\$ 18.9	*	29.00	\$ 10.11	53.48%	\$ 33.63	•		%96.
16 Geronimo Estates/Elusive Acres	5/8x3/4	sn	200	\$ 16.9	*	25.00	\$ 8.04	47.36%	\$ 30.38	•		.05%
17 Mesa Del Cabalo	5/8x3/4	sn	2,500	\$ 20.8	*	33.00	\$ 12.18	58.46%	\$ 36.88	•		.07%
18 Meade Ranch	5/8x3/4	Sn	200	16.97	2	25.00	\$ 8.04	47.36%	\$ 30.38	•	13.41 79	79.05%
19 Tonto Creek Shores (Gisela)	5/8x3/4	C&S	4,500	\$ 23.6	\$	46.50	\$ 22.84	96.52%	\$ 43.38	*		.33%
20 Whispering Pines	5/8x3/4	sn	200	\$ 16.9	*	89	\$ 8.04	47.36%	\$ 30.38	•		.05%
21												٦
23												
23												
24												
8												

Payson Water Company - Plerce Inquiry Test Year Ended December 31, 2012 Present and Proposed Rates

Exhibit Schedule H-3 for Pierce 4 Page 1

																						United Systems	Proposed	Rate				3.25	6.91	8.87	6	8.87		6.91	8.87	6.91	8.87
rage		Dollar	Increase		12.75	26.60	53.72	118.00	194.00	420.00	622.00									000 to 000		Gisela)	Present	Rate			1.48		• •	\$ ************************************		• •		69		*	\$
<u>.</u>	United Systems	Proposed	Rates		\$ 28.75 \$	45.00	75.00	150.00	250.00	200.00	220.00	1,500.00	2,500.00						•			United Systems Co	Present	Rate	1.93		\$ 										
	C&S Systems (Gisela)	Present	Rates		17.00	\$ 25.50	\$ 42.50		\$ 136.00	\$ 255.00	\$ 425.00		¥																	_							
Present and Proposed Kates	United Systems	Present	Rates							80.00	128.00		N						•					첫	0 galions to 4,000 gallons	4,000 gallotts	All gallons		o garrons to cook garrons 6,001 gallons to 12,000 gallons	over 12,000 gallons	0 action to 18 000 actions	o galloris to 16,000 galloris over 18,000 gallons		0 gallons to 38,000 gallons	over 38,000 gallons	0 callons to 60.000 callons	over 60,000 gallons
			Monthly Service Charge for:	Meter Size:	5/8 Inch	3/4 Inch	1 Inch	1 1/2 Inch	2 Inch	3 Inch	4 Inch	6 Inch	8 Inch						 Gallons In Minimum					ates	All Meter Sizes 0 ga	5	All Meter Sizes All g	50 1-ch and 2(4 last		19AO				1 1/2 Inch 0 ga	ΘΛΟ	2 Inch 0 ga	
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Payson Water Company - Pierce Inquiry Test Year Ended December 31, 2012 Present and Proposed Rates

riesem and Proposed Kates				I, Indt Block	0 gallons to 120,000 gallons	over 120,000 gallons	0 gallons to 200.000 gallons	over 200,000 gallons		0 gallons to 450,000 gallons		0 gallons to 679,000 gallons	over 679,000 gallons																			
			Commodity Rates	(Residential, Commercial, Ind. Block	3 Inch		4 Inch			6 Inch		8 Inch																				
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Exhibit Schedule H-3 for Pierce 4 Page 2

United Systems Proposed <u>Rate</u>	6.91 8.87	6.91 8.87	6.91 8.87	6.91
	s s	\$ \$	φ φ	» »
(Per 1,000 gallons) United Systems C&S Systems (Gisela) Present Rate Rate				
United Systems Present Rate				